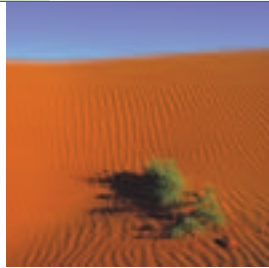


AUSTRALIA'S OIL AND GAS INDUSTRY OPERATING IN PROTECTED AREAS





APPEA AND ITS MEMBER COMPANIES ARE STRONGLY COMMITTED TO SOUND RESOURCE CONSERVATION AND ENVIRONMENT PROTECTION PRACTICES AS AN INTEGRAL PART OF INDUSTRY OPERATIONS.

The oil and gas industry has been operating internationally in some of the world's most sensitive environments for over a century, ranging from deserts, coral reefs, tropical rainforests and urban environments. Within Australia, the industry has been active since the 1950s, with no significant environmental impacts because there has been an effective (but arms length) working relationship between regulators, the community and the industry. Since that time the Australian industry has sought to continually improve its performance to further minimise potential impacts to the range of sensitive environments in which it is capable of operating.

As a significant contributor to the Australian economy financially and socially, Australia's oil and gas industry has an important long term role in meeting the needs of the Australian community. The economic significance of the Australian industry was over \$18 billion in 2000-01, with around 6,000 people directly employed and 16,000 indirectly. However APPEA and its members recognise that in meeting the needs of the Australian community, the industry must also operate safely and responsibly to protect and maintain the natural environment. Australia's oil and gas exploration and production companies are committed to protecting the environment and maintaining public health and safety during all phases of operation. They do so on behalf of their shareholders and employees, and on behalf of present and future generations of Australians.

Australia's petroleum industry supports the use of conservation systems that define the significant conservation values of a particular ecosystem or biological community. The industry recognises that there may be instances where an activity can not occur within an area without compromising these defined conservation values. However the industry believes that with its long track record of environmental management in sensitive environments, it should be given the opportunity to make a case on a project-by-project basis to continue to access sensitive environments, including protected areas. Companies are continuing to adopt new environmental management practices, to continually improve them, and refine them to ensure conservation values are not compromised.

The industry's commitment to responsible environmental management is laid out in APPEA's Code of Environmental Practice, which provides a set of recommended minimum standards for industry activities. Member companies must determine the specific needs of their own operations, including relevant regulatory requirements, and develop suitable environmental management systems and practices necessary to prevent and control the potential for environmental impacts. This self-determination allows for rapid adoption of new technologies and continuous improvement in management practices.

This paper has been developed by the members of APPEA's Environment Affairs Committee. Its purpose is to provide a consolidated industry position on the issue of access to protected areas.

The industry supports the use of conservation systems that define the significant conservation values of a particular ecosystem or biological community. The policy also states that the industry recognises that there may be instances where an activity can not occur within an area without compromising these defined conservation values.

However with its long track record of environmental management in sensitive environments, the industry should be given the opportunity to make a case on a project-by-project basis to continue to access protected areas.

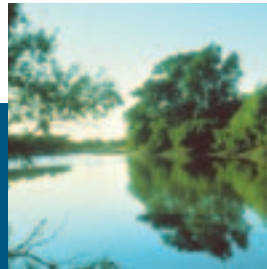
A key message of this paper is that blanket bans and prohibitions are inappropriate and simplistic management mechanisms that fail to recognise the ability for the Australian oil and gas industry to operate with little or no impact in sensitive environments

THE INDUSTRY'S ENVIRONMENTAL PERFORMANCE

The results of an independent scientific review of *Environmental Implications of Offshore Oil and Gas Development in Australia* found that the offshore exploration and production industry in Australia not only met statutory requirements, but had "set an excellent example in taking all possible steps to safeguard the marine environment".

The key findings of the review were:

- There is minimal oil spill threat caused by Australian explorers and producers.
- There is no evidence of significant impacts on marine ecosystems by seismic activity.
- Australian oil producers are world leaders in water treatment standards and technology.
- Coastal facilities associated with offshore activities cause minimal marine impacts.
- Offshore drilling has little toxic effect on the marine environment.
- Overall, the industry has had no significant impact on the marine environment in its 25 years of operation.



OPERATING IN SENSITIVE ENVIRONMENTS – SANTOS AND THE COOPER BASIN

The petroleum industry has been undertaking exploration and production activity in the sensitive arid environment of the Cooper Basin for over 30 years. Within this area, there are a number of key land systems and several areas of recognised conservation significance including the Innamincka and Strzelecki regional reserves. An independent ecologist's report on a seismic exploration program in the Coongie Lakes (Cooper Creek Ramsar Wetlands) region states that:

"In my opinion (the Company) and its personnel behaved responsibly and responsively in their execution of the ... survey. Their diligence in attempting to identify and then avoid the disturbance of particular sites of high natural and cultural heritage value was extreme and somewhat mortifying in terms of my own past behaviour with respect to off-road driving in the district".

Julian R. W. Reid Western Prospects Seismic Survey Independent Ecologists Report

AUSTRALIA'S ENVIRONMENTAL APPROVAL REQUIREMENTS

There are significant government regulatory controls that require the petroleum industry to conduct their activities in a manner that meets a high standard of environmental protection. In the majority of jurisdictions, petroleum activities are required to have environmental management plans approved by a government regulator, to ensure that the environmental impacts of the operation are reduced to as low as reasonably practicable. These plans allow companies the flexibility to determine how best to meet environmental protection requirements and conservation objectives in each specific situation. In addition, petroleum activities with the potential to have a significant impact on the environment are subject to environmental impact assessment involving formal public approval processes. Such processes incorporate broad and open community consultation before being considered by regulators. Company commitments and Ministerial conditions arising from the assessment processes become legally binding conditions on the activity. Community involvement in significant projects is welcomed by industry as an opportunity to share ideas and ensure that developments benefit the broad community without compromising conservation values.



BROAD AND OPEN COMMUNITY CONSULTATION – WOODSIDE ENERGY

WA-271-P is located near a sensitive marine environment, with key environmental values in the region including Ningaloo Reef, migrating humpback whales and seasonal aggregations of whale sharks. The area is a popular holiday destination, and the nearest population centre of Exmouth relies heavily on nature-based tourism. Consultation began actively in 1998, prior to exploration activity and since then has involved a wide range of communication and community involvement strategies, including:

- Regular face to face meetings with stakeholders in Exmouth, Perth and the eastern states;
- Community Reference Groups of key stakeholders in Exmouth and Perth;
- Woodside Development Team Workshop in Exmouth - 50 team members visited Exmouth to experience the environmental and community values of the area;
- Sustainable Development Workshop - development team members and Exmouth community stakeholders discussed environmental and socio-economic and relevant to Woodside's activities;
- Decision making processes incorporating stakeholder needs;
- Monthly newsletters with a mailing list of over 300;
- Sponsorship of a range of community development activities in Exmouth;
- 1800 toll free telephone number for questions; and
- Information displays and participation in local events.

Woodside has made a commitment to ensure stakeholders know about the Company's activities in the area and uses community feedback to plan and manage future activities.

CONSERVATION MANAGEMENT TOOLS

Industry supports the use of conservation management tools where the significance of a particular ecosystem or biological community or species (eg. seagrass, wetland, forest) is assessed in respect of potential impacts of industry activities (eg seismic, drilling, production). Where activity is proposed within an area where a significant environmental value could be affected, the industry operator has the responsibility to institute management controls to protect conservation values. The review and approval of such an approach should be conducted on the basis of the available evidence and in a scientific manner, free of preconceived notions as to the impacts and outcomes.

Such an approach allows industry the capacity and flexibility to adopt innovative concepts or new technology to explore and develop potential resources without presenting a threat to conservation objectives. It permits industry the opportunity to assess whether it wishes to meet the environmental costs of gaining access to areas where significant conservation values demand appropriate technical or management measures.

APPEA and its members recognise that there may be instances where, with the current levels of technology and costs of mitigating measures, an activity could not be undertaken without compromising the conservation values of an area. However, APPEA and its members strongly believe that blanket bans and prohibitions are inappropriate and simplistic management mechanisms that fail to recognise the ability for the Australian oil and gas industry to operate with little or no impact in a wide range of sensitive environments. Blanket bans also fail to recognise the technological advances regularly made by the industry that will only improve its ability to operate in these sensitive environments.

OPERATING IN SENSITIVE ENVIRONMENTS – APACHE ENERGY

Varanus Island, a declared nature reserve gazetted for the protection of flora and fauna, consists of a total of 85 hectares of which 29 hectares of the island has been leased to Apache to operate its oil and gas processing facilities. Apache and its predecessors have been operating on and in the surrounding waters to Varanus Island since 1986. On Varanus Island oil treatment and gas processing equipment operates directly adjacent to Wedge-tailed Shearwater rookeries and sea turtle nesting beaches. These migratory seabirds and sea turtles return each year to the Varanus Island rookeries and the sandy beaches to nest. Apache annually monitors both the sea turtles and shearwaters to ensure these populations are preserved and petroleum operations managed so as to have no adverse impact.

All new unmanned satellite oil fields in the vicinity of the island have been designed as zero discharge platforms. No discharges from the offshore satellite platforms are directed to the ocean ensuring minimal impact on the shallow water marine habitats. In addition all new developments Apache proposes are assessed through an Environmental Hazard workshop, where through a consultative process with Government environmental regulators and management authorities, the company and representatives from coastal community groups, all aspects of the proposed project are collaboratively reviewed. The objective of this process is to develop projects that can bring the benefits of oil and gas production to the wider community without compromising the natural environment.

APPEA'S PRINCIPLES FOR ENVIRONMENTAL MANAGEMENT

APPEA and its member companies consider that the following broad principles should apply to the full range of conservation management tools:

- Management objectives should be established for areas on an objective and scientific basis with all current and prospective users given the opportunity to demonstrate their ability to meet the management objectives;
- Projects should be assessed on a case by case basis taking into consideration local environmental factors and appropriate management practices. Activities would then only be excluded from areas where compatibility with the management objectives for an area cannot be demonstrated or established objectively; and
- Decisions relating to the environment that constrain current and future access to resources should take into consideration natural processes and fluctuations, both temporal and spatial, that have influenced the evolution of organisms and their conservation status. Such consideration will place industry impacts into an appropriate context, as understanding ecosystems resistance and resilience to these processes is important for environmental management.



OPERATING IN SENSITIVE ENVIRONMENTS – CHEVRONTEXACO AND BARROW ISLAND

The ChevronTexaco operation on Barrow Island demonstrates that with proper management and planning, development and conservation are not incompatible. On the island there are 14 terrestrial native mammal species, more than 110 bird species and 40 terrestrial reptile species. In 1908 it was declared a Class 'A' nature reserve for the protection of flora and fauna and is one of the most important islands for nature conservation in Australia.

The first seismic survey was conducted on Barrow Island in 1963 and the first well was drilled in 1964. In 1967 the first tanker was loaded with Barrow Island crude. Since those early years over 1000 km of seismic has been recorded, over 800 wells have been drilled and almost 285 million barrels of oil have been produced. Yet the island's full suite of native species remains intact and the introduction of exotic plants and animals has been prevented. This is not due to luck but to a rigorous environmental management program that has been developed and refined over the past 35 years.



AUSTRALIAN PETROLEUM PRODUCTION & EXPLORATION
ASSOCIATION LIMITED